

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 5270-STOW-1

Investigation into Least-Cost)
Investments, Energy Efficiency,)
Conservation and Management of)
Demand for Energy In Re: Stowe)
Electric Department's Integrated)
Resource Plan)

Order entered: 1/17/96

PRESENT: Paul Peterson, Esq., Hearing Officer

APPEARANCES: William B. Piper, Esq.
Primmer & Piper, P.C.
for Village of Stowe Water & Light Department and
Vermont Public Power Supply Authority

Andrew N. Raubvogel, Esq.
for the Vermont Department of Public
Service

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I. INTRODUCTION

This Proposal for Decision ("PFD") recommends that the Public Service Board ("Board") approve the integrated resource plan ("IRP") of the Village of Stowe Water & Light Department ("Stowe") pursuant to a Stipulation in this Docket filed by Stowe, the Vermont Public Power Supply Authority ("VPPSA"), and the Department of Public Service ("Department" or "DPS"). As filed, Stowe anticipates peak demand savings of 353.8 kilowatts ("KW") and energy savings of 6,804 megawatt hours ("MWHs") through 1998. Stowe's cost-effective demand-side management ("DSM") programs will result in an estimated net societal benefit of \$425,657. The parties agree that Stowe's IRP, as modified by the Stipulation, meets the requirements of 30 V.S.A. § 218c and complies with the Board's Orders in Docket No. 5270 and the DPS's Twenty-Year Plan. I recommend that the Board approve this IRP, subject to Stowe's compliance with the conditions and agreements incorporated in the Stipulation.¹

II. Background

Stowe filed this IRP on November 17, 1994. This filing was a complete revision to Stowe's previous IRP filed on June 17, 1991. During the interim, the DPS and Stowe had informal discussions regarding Stowe's IRP.

A status conference was held on June 13, 1995, at which time a schedule was set. A technical hearing concerning the issues to be resolved under the Board's ruling in the Hyde Park Docket No. 5270 matter was held on June 28, 1995.

On August 31, 1995, the DPS, Stowe, and three other VPPSA-member utilities² requested consolidated technical hearings in all four IRP dockets. The request was granted by Order dated September 7, 1995. Prior to the technical hearing, the parties filed testimony on several issues. However, on September 22, 1995, the parties filed a Stipulation resolving all outstanding issues regarding Stowe's IRP. An evidentiary hearing on the Stipulation was held on October 3, 1995.

On October 19, 1995, a proposed order was filed by Stowe. In its cover letter, Stowe waived its right to comment on this PFD, provided that the PFD is consistent

1. As detailed below, Stowe has already made many of the compliance filings required by the parties' Stipulation.

2. The three other VPPSA-member utilities are Village of Enosburg Falls Water and Light Department, Village of Jacksonville Electric Company, and Swanton Village, Inc. Electric Department.

with Stowe's proposed order. On January 3, 1996, the DPS waived its right to comment on this PFD, provided it is consistent with the parties' stipulation and Stowe's proposed order.

III. FINDINGS OF FACT

A. TRANSMISSION AND DISTRIBUTION

1. Stowe has agreed to perform a transmission and distribution ("T&D") study in accordance with the T&D design plan. The T&D study will be prepared in accordance with a schedule outlined in a compliance filing by November 15, 1995.³ Stip. at 2, Attachment 1.

2. Stowe has agreed to begin the T&D study by no later than February 1, 1996, and to complete it and submit it to the Public Service Board as a compliance filing no later than August 1, 1996. Stip. at 2.

3. Stowe has agreed to submit as a compliance filing by September 1, 1996, a schedule detailing the timely implementation of the recommendations contained in the T&D study. *Id.*

B. LOAD FORECAST

4. Stowe currently has 3,029 customers of which 2,420 are residential, 448 are small commercial, 131 are large commercial and industrial, and the remainder are public. Exh. Stowe-1 at page 3.1.1.

5. Stowe projects a peak of 14,200 KW and energy consumption of 62,763 MWHs in 1998. Exh. Stowe-1 at pages 1.1.1 and 1.1.3.

6. While acknowledging that the ultimate conclusions embodied in Stowe's load forecast may be reasonable, the Department does not agree with Stowe's forecasting methodology. Stip. at 2.

7. Stowe has agreed not to rely on the load forecast in the IRP for future supply acquisitions that require approval under 30 V.S.A. § 248. Stowe may rely on the load forecast for identifying avoided costs in order to determine cost-effective T&D improvements and DSM measures and programs. Stip. at 3.

8. Stowe has agreed to submit a compliance filing by November 15, 1995, detailing how it will analyze alternatives to its current load forecast to address the DPS's concerns.⁴ Stip. at 3.

3. Stowe filed the schedule for its T&D study on 11/15/95.

4. Stowe made this filing on 11/15/95.

C. SUPPLY RESOURCES

9. The Department believes that Stowe's IRP contains certain deficiencies in considering alternative supply and long-term pricing assumptions. Stowe disagrees with the Department's criticisms. Stip. at 4-5.

10. Stowe has agreed to submit a compliance filing by January 22, 1996, which will contain revised avoided costs using proxy units described in Attachment II. Stowe also agreed to use interim avoided cost values contained in Attachment III. Stip. at 5.

11. Stowe agrees not to use the supply plan in this IRP for any future energy capacity purchase that exceeds a five-year period and represents more than one percent of Stowe's historic peak demand. Stip at 5-6.

12. Stowe agrees to use the principles of least-cost planning in all future supply resource acquisitions. *Id.*

D. DEMAND-SIDE MANAGEMENT

13. Stowe estimates that cost-effective DSM programs will result in savings to Stowe ratepayers of 353.8 KW and 2,394 MWHs in 1998, or 2.5% of anticipated peak load and 3.8% of anticipated energy requirements for that year. Exh. Stowe-1 at Attachment 3.1.

14. Stowe projects a societal benefit from all cost-effective DSM program activities of \$694,080 with an attendant societal cost of \$268,422 on a net present value basis. This will result in an estimated net societal benefit of \$425,657 and a benefit cost ratio of 2.59 to 1. Exh. Stowe-1 at Attachment 3.1.

i. Residential Fuel-Switching/ High Use.

____ 15. The Department agrees that Stowe has offered comprehensive and quality energy audits to residential high use customers for a number of years and that, in combination with these audits, the residential demand charge rate structure has already resulted in significant residential fuel-switching in Stowe's service territory. Stip. at 6.

16. Stowe agrees to continue to offer the audit to those customers who have not yet taken advantage of the fuel-switching and to follow up with customers who have been audited but have not fuel-switched where fuel-switching is likely to be cost-effective. Stip. at 6.

17. Stowe has also agreed to screen weatherization measures for cost-effectiveness and to submit the results of this screening, together with a program design if it is cost-effective, to the Board and the Department by no later than thirty days following the submission of revised avoided costs. Stip. at 6-7.

ii. Measure and Program Screening Methodology

18. The Department and Stowe agree as follows:

(a) The Department will accept Stowe's program screening for programs with one measure. Stowe agrees, where appropriate, to provide program screening results as a summary of individual measures for all multi-measure programs;

(b) Stowe agrees to use the binning methodology;

(c) Stowe agrees to provide complete and accurate documentation of assumptions used for measure costs and savings as programs are evaluated and re-designed or by January 1, 1996, whichever is sooner.⁵ Stip. at 7.

iii. Other DSM Resources

19. Stowe agrees that in its next IRP it will develop a comprehensive lost opportunities strategy for securing DSM resources from all relevant customer classes. A second set of retrofit program designs will be explicitly modeled. Stip. at 8.

20. The issue of load impact of DSM resources beyond the proposed DSM programs may be re-opened in any applicable proceeding under 30 V.S.A. § 248. Stip. at 8.

E. OTHER

21. The Department and Stowe have agreed that Stowe should file its next IRP on October 1, 1997. Tr. 10/3/95 at 28.

IV. DISCUSSION

Stowe's first IRP was filed on June 17, 1991. The IRP reviewed in this Docket, filed on March 1, 1995, was a substantial revision to the 1991 filing. Between June 1991 and March 1995, several VPPSA-member IRPs were reviewed and approved by the Board. The current IRP, as modified by the parties' Stipulation, incorporates many of the analytical approaches, screening methodologies, program designs, and compliance filing requirements approved in prior VPPSA-member IRP dockets.⁶ The parties are to be commended for reaching agreement on many contentious issues and avoiding protracted litigation. In many respects, this IRP incorporates the best elements of other VPPSA-member IRPs and reflects the benefits of lessons learned from program implementation.

Stowe has been implementing a residential fuel-switching program for several years and a street lighting program for the past two years. More recently, Stowe began a small commercial retrofit program and has participated in a multi-family low-income

5. Stowe made this filing on 12/20/95.

6. See, Docket No. 5270-LDLW-1, Order of 12/3/92; Docket No. 5270-LYND-1, Order of 11/30/93; Docket No. 5270-HDWK-1, Order of 12/2/94; and Docket No. 5270-HDPK-1, Order of 5/15/95.

heating system conversion project.⁷ The additional programs contained in Swanton's IRP reviewed here will provide additional opportunities for customers to implement cost-effective measures, as well as provide a more comprehensive set of programs.

Stowe is one of four of the VPPSA first-round IRPs to be settled on a consolidated basis. The Department and Stowe have agreed on certain modifications to Stowe's IRP and have agreed that with those modifications Stowe's IRP should be approved by the Board as meeting the statutory criteria of 30 V.S.A. § 218c. Based on the evidence in this Docket, I conclude that Stowe's IRP, as modified by the Stipulation, is a least-cost plan that will acquire all cost-effective DSM pursuant to 30 V.S.A. § 218c and the Board's Order in Docket No. 5270.

I recommend that the Board approve Stowe's IRP as modified by the parties' Stipulation.

7. See, Stowe's 1994 DSM annual report filed on 4/3/95.

The foregoing is hereby reported to the Public Service Board in accordance with the provisions of 30 V.S.A. § 8. The parties have waived their right to comment on this Proposal for Decision in accordance with 3 V.S.A. § 811.

DATED at Montpelier, Vermont, this 16th day of January, 1996.

s/Paul R. Peterson
Paul R. Peterson, Esq.
Hearing Officer

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusions and recommendations of the Hearing Officer are hereby adopted.
 2. Stowe's IRP is approved as modified by the parties' Stipulation.
 3. Stowe shall submit a complete transmission and distribution study to the Board and the Department by August 1, 1996.
 4. Stowe shall submit, as a compliance filing, by September 1, 1996, a plan and schedule detailing the timely implementation of the recommendations of the transmission and distribution study.
 5. Stowe shall file a revised avoided cost compliance filing by no later than January 22, 1996.
 6. Stowe shall submit, as a compliance filing, results of the screening of weatherization measures for cost-effectiveness for its residential high-use program, together with a program design if it is cost-effective by no later than thirty days following the submission of its revised avoided costs.
 7. Stowe shall file a DSM annual report on or before April 1 of each year, with the first report due April 1, 1996.
 8. Stowe shall file its next IRP on or before October 1, 1997.
- DATED at Montpelier, Vermont, this 17th day of January, 1996.

<u>s/Richard H. Cowart</u>)	PUBLIC SERVICE BOARD OF VERMONT
)	
<u>s/Suzanne D. Rude</u>)	
)	
<u>s/David C. Coen</u>)	

OFFICE OF THE CLERK

FILED: JANUARY 17, 1996

ATTEST: s/Cynthia G. Buska
Assistant Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.